

REMUNERATION REPORT

Letter from the People & Remuneration Committee Chair, Anne Loveridge

Dear Fellow Shareholders,

On behalf of the Board, I am pleased to present the Remuneration report for 2021.

This year has seen the disciplined execution of the Group's strategy, to serve customers well and help our communities prosper. The Group CEO and Group Executives have maintained their strong leadership addressing the challenges arising from the ongoing impacts of COVID-19. As a major Australian bank, the economic impact of COVID-19 to customers and communities has been at the forefront of the Group's actions. NAB has remained open for business, serving customers as they navigated those impacts.

Colleagues have worked tirelessly for customers, including those in the Group's more than 740 branches and business banking centres, and extended customer support network. The Group CEO and Group Executives led the focus on the wellbeing of our colleagues, providing support and flexibility through remote and flexible work arrangements, safe return to office and active mental health support. The Board is pleased to report colleague engagement increased by one point to 77 from July 2020 to July 2021⁽¹⁾. For 2021, this outcome was in the top quartile.

Performance in 2021

Progress on strategic objectives

The refreshed Group strategy and operating model established in 2020 is delivering results for customers and shareholders. Progress has been made against strategic objectives through disciplined execution, focusing on doing the basics well and supporting the needs of customers and colleagues.

The Group CEO and Group Executives have established momentum in simplifying and digitising the business, delivering faster, more seamless banking experiences. In 2021, the team took decisive action to reshape the business portfolio, completing the sales of MLC Wealth and broker aggregation businesses, acquiring the digital bank 86 400 and entering into an agreement to acquire Citigroup's Australian consumer business (subject to regulatory approvals).

Momentum has been established to remove customer pain points, introduce new ways of working and strengthen the Group's position in digital and data services. In 2021, the Group has prioritised investment into strategic initiatives while maintaining cost discipline to deliver a simpler, more streamlined bank that benefits customers and colleagues.

While there is more to be achieved in 2022 and beyond, the Board is pleased with the results and momentum delivered through 2021 which have translated into improved

shareholder returns. The Strategic Highlights section in the Remuneration report provides further information.

Delivery against our business plan

The Board established 2021 Group Performance Indicators (GPI) to drive the refreshed strategy and support sustainable returns for shareholders and positive customer outcomes. The GPI are a key input to performance and reward processes that recognise the importance of both financial and non-financial performance.

Financial performance was pleasing in what we expected would be a difficult year with low interest rates and the uncertainty of COVID-19. This was led by overall system credit growth accelerating in BNZ, and annual total system growth strengthening in Australia.

The results reflect business momentum, strong credit quality, balance sheet strength, and disciplined investment in strategic initiatives while maintaining cost discipline. The Group exceeded plan for both cash earnings and Return on Total Allocated Equity (ROTAE). This business performance has enabled the Group to support the economy and communities through COVID-19 and deliver improving returns to our shareholders through a total dividend for the year ended 30 September 2021 of 127 cents per share, fully franked.

Improving customer experience

Strategic NPS⁽²⁾ improved by 5 points maintaining our position as #1 of the major domestic banks (as at August 2021). While below target, progress is being made including the digitisation of products, improved self-service, a reduction in system outages, improved resolution of complaints and easier and faster approval processes. The Group has added capacity and flexibility through the addition of 2,800 frontline bankers this year to help them serve our customers and providing an accredited qualification for all colleagues.

Enhanced control environment

The Group CEO and Group Executives continued to drive sustainable change by addressing the underlying issues from the Royal Commission and NAB's self-assessment into governance, accountability and culture. Improvements in processes to remediate customers fairly, consistently, and more quickly have been implemented. A significant uplift has been achieved in management of the Group's obligations, risk and the controls environment. Compliance and Operational Risk profiles have improved due to better obligation management practices and improved business ownership of the control environment achieving NAB's Intelligent Control Score (ICS) target.

(1) 2021 Heartbeat Survey conducted by Glint, score based on July 2021 survey. Includes Australia and New Zealand colleagues, excludes external contractors, consultants and temporary colleagues.

(2) Net Promoter® and NPS® are registered trademarks and Net Promoter Score and Net Promoter Systems are trademarks of Bain & Company, Satmetrix Systems and Fred Reichheld. Strategic NPS: Sourced from DBM Atlas, measured on a six month rolling average. The overall Strategic NPS result combines Consumer and Business segment within Australia, using a weighting of 50% for each segment.

REMUNERATION REPORT (CONTINUED)

The Group will continue to invest in cyber and financial crime prevention, including progressing the AUSTRAC enforcement investigation where the outcome is not yet known. No adjustment to 2021 remuneration outcomes were made specifically in connection with the AUSTRAC matter. Section 3.2 of the Remuneration report provides further information on our approach to risk and remuneration consequence.

Remuneration in 2021

The executive remuneration framework delivers an appropriate portion of remuneration linked to performance outcomes. Under the Annual Variable Reward (VR) plan, performance is assessed by the People & Remuneration Committee and the Board, informed by the measures in the GPI, together with a qualitative assessment of other relevant factors, and individual performance.

The Board spent a significant amount of time balancing customer, community, and shareholder interests, while at the same time appropriately recognising the achievements of the Group CEO and Group Executives.

The Board considered performance in 2021 demonstrated a momentum shift in delivery against the Group's strategy and business plan. The Board is confident the Group is well positioned to support economic recovery in Australia and New Zealand in 2022.

Based on the performance over 2021, the Group CEO's Annual VR outcome is 121% of fixed remuneration (81% of the maximum opportunity). Annual VR outcomes for Group Executives ranged between 105% to 149% of Annual VR target (70% and 99% of the maximum opportunity). Details of all remuneration matters for the Group CEO and Group Executives are provided in the Remuneration report.

Remuneration in 2022

The Board is confident that our remuneration framework is effective in rewarding sustainable performance and the execution of the Group's strategy. The Board will consider enhancements over the coming year to ensure the remuneration framework continues to support the delivery of the Group's strategy and meet regulatory requirements. We will continue to balance these requirements with an effective remuneration framework that is competitive and appropriately rewards our Group CEO and Group Executives.

On behalf of your Board's People & Remuneration Committee I would like to invite you to read the full Remuneration report in detail which will be presented for adoption at NAB's 2021 Annual General Meeting.



Anne Loveridge
People & Remuneration Committee Chair
9 November 2021

Contents

Section 1 - Summary	54
Section 2 - Our 2021 executive variable remuneration plans	60
Section 3 - Governance, risk and consequence	64
Section 4 - Remuneration outcomes	67
Section 5 - Executive statutory remuneration disclosures	74
Section 6 - Non-executive director remuneration	80
Section 7 - Loans, other transactions and other interests	83

REMUNERATION REPORT (CONTINUED)

Section 1 - Summary

1.1 Strategic context for remuneration at NAB

Our Group and colleague strategies

Our Group strategy focuses on the 'Twin Peaks' of customers and colleagues.

WHY WE ARE HERE

To serve customers well and help our communities prosper.

WHO ARE WE HERE FOR

 <p>Colleagues Trusted professionals who are proud to be a part of NAB</p>	 <p>Customers Choose NAB because we serve them well every day</p>
---	---

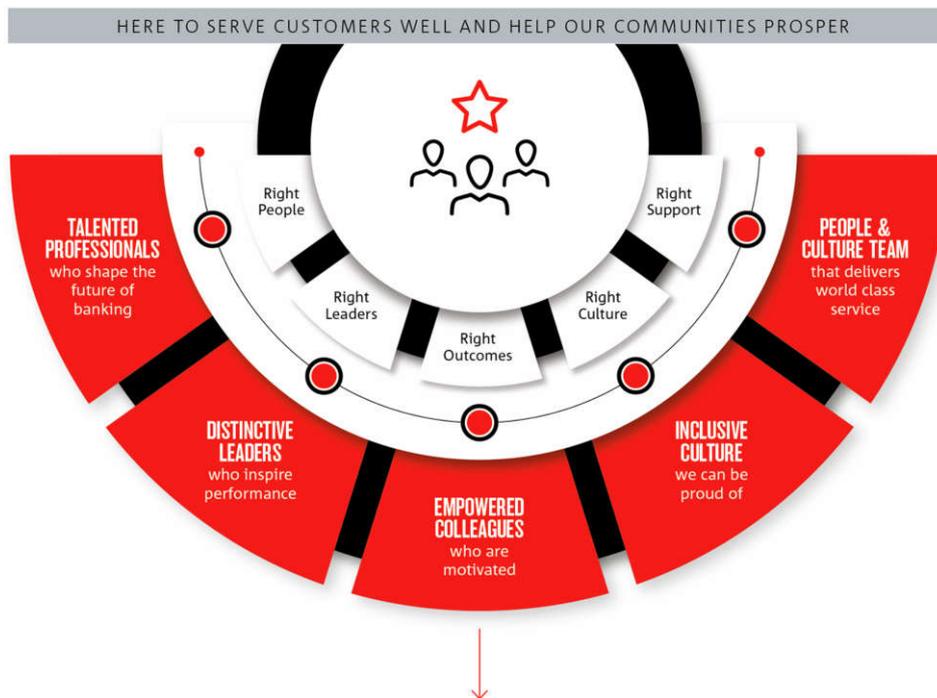
WHAT WE WILL BE KNOWN FOR

<p>Relationship-led Relationships are our strength</p>	<p>Easy Simple to deal with</p>	<p>Safe Responsible & secure business</p>	<p>Long-term A sustainable approach</p>
---	--	--	--

Our Colleague strategy supports the ambition in the Group Strategy colleague twin peak.

COLLEAGUE STRATEGY

Trusted professionals who are proud to be a part of NAB



Our colleagues care deeply about our customers and are passionate about exceptional service. They focus on our top priorities, work with flexibility and pace, and are rewarded fairly for performance.

REMUNERATION REPORT (CONTINUED)

Our remuneration principles and 2021 executive remuneration framework

Our remuneration principles have been created to deliver on this ambition.

REMUNERATION PRINCIPLES					
 Customers Reinforce our commitment to customers	 Colleagues Fair and appropriate reward to attract and retain the best people	 Shareholders Align reward with sustainable shareholder value	 Transparent Simple and easy to understand	 Safe Reflect risk, reputation, conduct and values outcomes	 Long-term Drive delivery of long-term performance

These principles have been used to develop our executive remuneration framework. Its purpose is to motivate and reward our most senior executives for delivery of our strategy.

OUR EXECUTIVE REMUNERATION FRAMEWORK			
	Fixed remuneration	Annual variable reward	Long term variable reward
WHY	Set to attract and retain	Earned for delivery of annual goals that drive the Group's strategy	Align remuneration with long term shareholder outcomes
WHAT	<ul style="list-style-type: none"> FR is comprised of base salary and superannuation Paid regularly during the financial year 	<ul style="list-style-type: none"> 50% cash 50% deferred rights (12.5% scheduled to vest at the end of year 1, year 2, year 3 and year 4) Dividend equivalent payment for any vested deferred rights at the end of each deferral period 	<ul style="list-style-type: none"> 100% performance rights Subject to four year performance hurdle No dividend equivalent payment for any vested performance rights
HOW	<ul style="list-style-type: none"> Set at a market competitive level for role and experience Reviewed annually against the ASX20, the other major Australian banks and other financial services companies 	<ul style="list-style-type: none"> Quantum ranges (% of FR): 0% – 150% for Group CEO 0% – 105% for Control Roles¹ 0% – 150% for all other Group Executives Outcomes vary depending on Group² and individual performance (balanced scorecard including risk goals), values and behaviours 	<ul style="list-style-type: none"> Maximum award value (% of FR)³: 130% for Group CEO and Group Executives Eligibility and award value determined by the Board each year Subject to NAB's TSR result against a financial services peer group⁴
	Fixed remuneration	Annual VR (cash) Annual VR (deferred rights)	Long Term Variable Reward
	PERFORMANCE YEAR (YEAR 0)	YEARS 1-4	YEAR 4
Board discretion applies for qualitative matters including risk, reputation, conduct and values to ensure sustainable performance (including for malus and clawback)			
	AT RISK		

¹ Control Roles are the Group Executive Legal and Commercial Services, Group Chief Risk Officer, Group Executive People & Culture and Group Executive Strategy & Innovation.
² The outcome for the Managing Director and CEO BNZ will vary depending on overall BNZ performance.
³ The actual value delivered to the Group CEO or a Group Executive is subject to the level of achievement against the performance hurdle and NAB's share price at the time of vesting.
⁴ For the 2021 LTVR the financial services peer group is AMP Limited, Australia and New Zealand Banking Group Limited, Bank of Queensland Limited, Bendigo & Adelaide Bank Limited, Commonwealth Bank of Australia, Macquarie Group Limited, Suncorp Group Limited, Westpac Banking Corporation.

REMUNERATION REPORT (CONTINUED)

1.2 Key remuneration outcomes for 2021

Fixed remuneration From 1 October 2020, the Group CEO returned to receiving his full Fixed Remuneration (FR), as determined on appointment in December 2019. The Group CEO volunteered to reduce his FR by 20% for the period 1 April 2020 to 30 September 2020 to align with shareholder and customer impacts of COVID-19. No increase in FR was provided in 2021.

The Board determined a FR increase from \$1,000,000 to \$1,100,000 during 2021 for Shaun Dooley, Group Chief Risk Officer. The increase reflects the responsibilities of the position and appropriate external peer parity.

2021 performance and Annual Variable Reward outcomes Individual Annual Variable Reward (VR) outcomes were determined by the Board based upon the individual's target Annual VR opportunity, assessment of the GPI, qualitative performance factors and individual performance.

The Board determined a GPI outcome of 105% with performance above expectations across many of the financial and non-financial measures. The qualitative and individual executive performance assessment reflected the execution of strategic initiatives and the business momentum achieved in a challenging environment. Further details on the Annual VR outcomes are provided in Section 4.

The 2021 Annual VR outcomes were:

Position	Individual Annual VR outcomes	
	% of FR	% of Maximum Opportunity
Group CEO	121%	81%
Group Executives	105% - 149%	70% - 99%

The four year overview of reward outcomes under the Annual VR is:

Position	% of Annual VR maximum opportunity ⁽¹⁾			
	2021	2020	2019	2018
Group CEO	81%	0%	0%	12%
Group Executives	70% - 99%	0%	0%	0% - 70%

(1) The maximum opportunity was reduced in 2019 for the Group CEO and Group Executives when the current Annual VR and LTVR replaced the single VR plan in place for 2018.

For colleagues who participate in the Group VR Plan, the Board determined annual variable reward funding of 105% of target (see Section 4.1).

Long-Term Variable Reward outcomes The Board approves Long-Term Variable Reward (LTVR) awards annually to encourage long-term decision making critical to creating long-term value for shareholders. The quantum of the award and eligibility to participate is determined by the Board independently from Annual VR decisions.

2021 LTVR award

- For the Group CEO, a 2021 LTVR award of 118,010 performance rights having a face value of 130% of his FR is proposed to be granted in February 2022. The grant of this award is subject to shareholder approval at NAB's 2021 Annual General Meeting.
- The Board assessed all Group Executives as meeting the individual performance and conduct requirements for 2021 and determined that each be awarded a 2021 LTVR with a face value of 130% of their FR. LTVR awards will be granted in February 2022 (see Section 2.2).

2020 LTVR eligibility and award

Prior to granting the 2020 LTVR, the Board determined that all Group Executives who commenced in their Group Executive role prior to the LTVR allocation date would participate in the award, supporting the long-term aspect of the award with performance measured over four years to 15 November 2024.

The Board noted that in the previous period, Susan Ferrier, Group Executive, People & Culture commenced in her current role on 1 October 2019, but did not participate in the 2019 LTVR granted after her commencement. Consistent with our remuneration principles of being focused on driving long-term performance and the approach taken for the 2020 LTVR award, the Board approved a long-term share award for Susan, in the absence of her being awarded the 2019 LTVR grant. The award of 11,150 shares granted in February 2021, is restricted until November 2023 (aligned with the equivalent 2019 LTVR performance period) and subject to minimum performance and service conditions.

The Board also confirmed that the quantum of the 2020 LTVR would be set at 130% of FR for the Group CEO and Group Executives. A standardised level of participation better reflects the responsibilities of the Group Executives for delivering the business plan and Group strategy over the 2020 LTVR performance periods and appropriate pay relativities.

REMUNERATION REPORT (CONTINUED)

Long-Term Variable Reward outcomes (Continued)

2016 Long-Term Incentive plan outcome

The performance conditions for the Long-Term Incentive (LTI) award granted in December 2016 were tested in November 2020. The 2016 LTI award was granted subject to two performance hurdles (1) Return on Equity and (2) Relative TSR, each measured over a four-year performance period. The Board also assessed qualitative performance factors and individual performance prior to determining that 55.8% of the total performance rights should vest. The following table provides a four-year overview of Executive vesting outcomes from LTI awards. Further details on LTI awards are provided in Section 4.4.

Plan Terms	2016	2015	2014	2013
Performance period	4 years	4 years	5 years	5 years
Date of testing	November 2020	November 2019	November 2019	November 2018
Number of current Group Executives who held the award	3	2	4	4
% of award vested	55.8%	37.6%	34.5%	0%
% of award lapsed	44.2%	62.4%	65.5%	100%

Non-executive directors

- From 1 October 2020, the Board Chair and non-executive directors returned to receiving full base fees. This followed the 20% reduction in base fees applied for the period 1 April 2020 to 30 September 2020 to align with shareholder and customer impacts of COVID-19.
- No increase to Board fees were applied during 2021 (see Section 6.1).

1.3 Group Executive appointment

The following table outlines the remuneration arrangements related to the Group Executive who commenced as KMP during 2021.

Group Executive	Remuneration arrangement
Les Matheson, Group Chief Operating Officer	<ul style="list-style-type: none"> • Commenced employment on 11 January 2021. • Annual FR of \$1.05 million with Annual VR target of 100% of FR (maximum of 150% of FR) and an LTVR maximum opportunity of 130% of FR. • A 2020 LTVR award of 75,875 performance rights, having a face value equivalent to 130% of his FR, was granted in February 2021. • Relocation benefits provided to support moving to Australia.

REMUNERATION REPORT (CONTINUED)

1.4 Looking ahead to 2022

The Board continues to monitor the effectiveness of the executive remuneration framework and policy. The Board will determine any changes to the framework required to address regulatory requirements while remaining competitive to attract and retain the calibre of executives required to deliver on the Group's strategy during 2022.

The Board has considered current remuneration requirements based upon our existing executive remuneration framework and determined a number of changes for 2022 as summarised below.

Feature	Description
Fixed Remuneration	<p>The Board considers increases to FR upon appointment or promotion to a new role, where there is a significant increase in accountabilities or where it is required as a result of regulatory expectations for the composition of reward. The Board determined FR increases for 2022 for:</p> <ul style="list-style-type: none"> Shaun Dooley, Group Chief Risk Officer from \$1,100,000 to \$1,200,000. The increase sets an appropriate balance between FR and variable remuneration (see Annual Variable Reward Opportunity below) for this role aligned with regulatory expectations and internal and external pay relativities. Sharon Cook, Group Executive Legal and Commercial Services from \$900,000 to \$950,000. The increase reflects Sharon's increased accountabilities for customer remediation across the Group.
Annual Variable Reward opportunity	<p>The Board considered the Annual VR opportunity for Control Roles in the context of delivering on our strategy, performance, regulatory requirements and providing appropriately competitive reward. The Board determined a standardised approach for all Group Executives, except for the Group Chief Risk Officer, was appropriate and consistent with our remuneration principles. For 2022 the Board determined:</p> <ul style="list-style-type: none"> The Annual variable reward opportunity for Shaun Dooley, Group Chief Risk Officer would increase from the 2021 range of 0% to 105% of FR, to 0% to 112.5% of FR. The Annual variable reward opportunity for the Group Executive Legal and Commercial Services, Group Executive People and Culture and Group Executive Strategy and Innovation would increase from the 2021 range of 0% to 105% of FR, to 0% to 150% of FR. No change has been made to the Annual VR opportunity for the Group CEO or any other Group Executives.
Non- executive directors	<p>On an annual basis, the Board conducts a review of the quantum of Board fees. The Board noted that base fees had not been adjusted since 1 January 2016 despite increased regulatory requirements and performance monitoring. From 1 October 2021, the Board has determined to:</p> <ul style="list-style-type: none"> Increase the Board Chair fee from \$790,000 to \$825,000 and non-executive director Board fee from \$230,000 to \$240,000 to continue to attract and retain high quality non-executive directors. Increase the Risk and Compliance Committee Chair fee from \$60,000 to \$65,000 and the fee for being a member of that Committee from \$30,000 to \$32,500 due to the increased workload for this Committee over recent years. Increase the minimum shareholding requirement for the Chair to one times the annual chair base fee to more closely align with shareholder interests.
Other colleagues	<p>The Board has approved changes to the Group's remuneration framework for other colleagues to create simplicity and more consistency and fairness in our remuneration framework. The changes:</p> <ul style="list-style-type: none"> Remove or reduce variable reward for many employees, placing more emphasis on fortnightly pay to give colleagues more certainty and encourage more focus on customers. Standardise target variable reward participation to create more consistency and fairness. <p>These changes set an appropriate balance between FR and VR and will allow colleagues to focus on serving customers well. Implementation will be a phased approach over the next 12 to 18 months starting on 1 October 2021 with customer-facing businesses.</p> <p>The Board considers that the changes support the Group's purpose, strategic objectives and risk appetite, and reflect the expectations of customers, regulators and shareholders.</p>

REMUNERATION REPORT (CONTINUED)

1.5 Key Management Personnel

The list of NAB's Key Management Personnel (KMP) is assessed each year and comprises the non-executive directors of NAB, the Group CEO (an executive director of NAB) and those employees of the Group who have authority and responsibility for planning, directing and controlling the activities of both NAB and the Group. KMP during 2021 were:

Name	Position	Term as KMP
Non-executive directors		
Philip Chronican	Chair	Full year
David Armstrong	Director	Full year
Kathryn Fagg	Director	Full year
Peeyush Gupta	Director	Full year
Anne Loveridge	Director	Full year
Douglas McKay	Director	Full year
Simon McKeon	Director	Full year
Ann Sherry	Director	Full year
Former non-executive director		
Geraldine McBride	Director (to 18 December 2020)	Part year
Group CEO		
Ross McEwan	Group Chief Executive Officer and Managing Director	Full year
Group Executives		
Sharon Cook	Group Executive, Legal and Commercial Services	Full year
Shaun Dooley	Group Chief Risk Officer	Full year
Susan Ferrier	Group Executive, People and Culture	Full year
David Gall	Group Executive, Corporate and Institutional Banking	Full year
Nathan Goonan	Group Executive, Strategy and Innovation	Full year
Andrew Irvine	Group Executive, Business and Private Banking	Full year
Gary Lennon	Group Chief Financial Officer	Full year
Les Matheson	Chief Operating Officer (from 11 January 2021)	Part year
Angela Mentis ⁽¹⁾⁽²⁾	Managing Director and CEO of Bank of New Zealand	Full year
Rachel Slade	Group Executive, Personal Banking	Full year
Patrick Wright	Group Executive, Technology and Enterprise Operations	Full year

(1) All matters relating to the remuneration of Angela Mentis including variable reward, have been approved by the BNZ Board as required under BNZ's Conditions of Registration which are set by the Reserve Bank of New Zealand.

(2) As announced on 25 August 2021, Angela Mentis ceased as the Managing Director and CEO of Bank of New Zealand on 30 September 2021 and commenced as Group Chief Digital, Data & Analytics Officer. Dan Huggins commenced as Managing Director and CEO of Bank of New Zealand from 1 October 2021.

REMUNERATION REPORT (CONTINUED)

Section 2 - Our 2021 executive variable remuneration plans

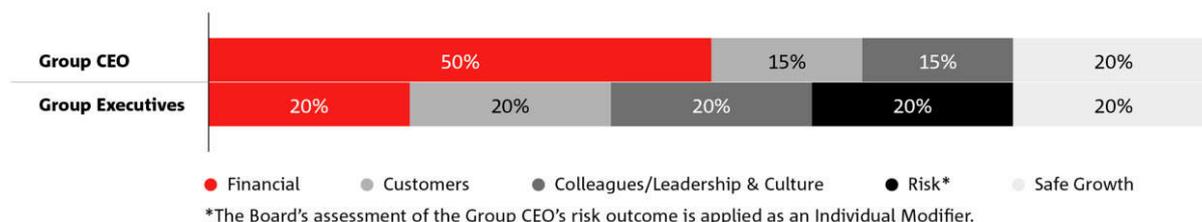
2.1 Annual Variable Reward for 2021

This section outlines the key features of the 2021 Annual VR plan for the Group CEO and Group Executives.

Purpose

Annual VR aims to reward the Group CEO and Group Executives for delivery of annual goals that drive long-term sustainable performance. It provides an appropriate level of remuneration that varies based on the Board's determination of Group and individual performance over the financial year measured against agreed targets for financial and non-financial measures that are set to drive delivery of the Group's strategy. The plan is not wholly formulaic. Judgement is applied through qualitative assessment as determined by the Board.

Feature	Description						
Annual VR opportunity	Annual VR opportunity is expressed as a percentage of FR. It is set by the Board following the recommendation of the People & Remuneration Committee, which considers a range of factors including the scope and accountabilities of the Group CEO's or Group Executive's role, and market competitiveness.						
	<table border="1"> <thead> <tr> <th>Position</th> <th>2021 Annual VR opportunity (% of FR)</th> </tr> </thead> <tbody> <tr> <td>Group CEO & Group Executives (excluding Control Roles)</td> <td>0% to 150%</td> </tr> <tr> <td>Control Roles</td> <td>0% to 105%</td> </tr> </tbody> </table>	Position	2021 Annual VR opportunity (% of FR)	Group CEO & Group Executives (excluding Control Roles)	0% to 150%	Control Roles	0% to 105%
Position	2021 Annual VR opportunity (% of FR)						
Group CEO & Group Executives (excluding Control Roles)	0% to 150%						
Control Roles	0% to 105%						
Group performance	Group performance is assessed on achievement of financial and non-financial measures (GPI) linked to the Group's key strategic priorities, overlaid by a qualitative assessment to support any adjustments to the outcome. The qualitative assessment is integral to the outcome and may result in the outcome being adjusted upwards or downwards (including to zero), for risk, quality of performance (including consideration of financial, sustainability, environmental and social impact matters, and progress made against strategy) and any other matters as determined by the Board. Further information on the 2021 GPI and outcome are provided in Section 4.1.						
Individual performance and measures	Individual performance is assessed against a scorecard. The scorecard for each individual is comprised of key financial and non-financial goals. The weighting of measures was set to reflect the responsibilities for their role. The Group CEO's 2021 scorecard is aligned to the GPI.						



Individual modifiers: The Board considers the individual's conduct and the extent to which they demonstrated NAB's values (How We Work). The Board also considers the Group CEO's risk management performance.

Annual VR calculation

Individual Annual VR awards for the Group CEO and Group Executives⁽¹⁾ are calculated as:



Discretionary adjustments: Annual VR is discretionary and will vary in line with Group and individual performance and available funding. The Board may determine any amount be awarded from zero up to the maximum VR opportunity.

The Group CEO's 2021 scorecard, assessment and outcomes are provided in Section 4.2.

(1) All matters relating to the remuneration of Angela Mentis, Managing Director and CEO of BNZ, including scorecard measures and performance assessment, have been approved by the BNZ Board as required under BNZ's Conditions of Registration which are set by the Reserve Bank of New Zealand. Angela Mentis' Annual VR is calculated as: (50% Group performance + 50% BNZ performance) x Individual Score x VR Target Opportunity. BNZ performance is assessed based on Customer 25%; Colleagues 12.5%; Safe Growth 12.5% and Financial 50%. The assessed overall BNZ performance for 2021 was 107.7%.

REMUNERATION REPORT (CONTINUED)

Feature	Description
Award delivery and deferral	<p>Annual VR is delivered as a combination of cash and deferred rights. Cash components of any Annual VR are paid following the performance year to which they relate.</p> <p>Any deferred rights granted are scheduled to vest pro-rata over four years from grant. The proportion of deferral and vesting periods are structured so that, in combination with any LTVR award, the proportion of variable pay that is deferred, and the period for which it is deferred, is no less than that required by regulation. Deferred rights are granted and vested by the Board at its discretion, subject to the relevant plan rules including malus and clawback provisions.</p> <p>A dividend equivalent payment for any vested deferred rights is paid at the end of each deferral period.</p>
Board discretion	<p>The Board has extensive discretion in respect to the Annual VR. Further information on governance of Annual VR is outlined in Sections 3.1.</p>

REMUNERATION REPORT (CONTINUED)

2.2 Long-Term Variable Reward for 2021

This section outlines the key features of the LTVR award in respect of 2021 for the Group CEO and Group Executives.

Purpose

LTVR awards are granted by the Board to encourage long-term decision making critical to creating long-term value for shareholders. They are determined and awarded independently from Annual VR decisions.

Feature	Description										
Participants	Group CEO and Group Executives as determined by the Board.										
Award value	The maximum face value of the LTVR award is 130% of FR for the Group CEO and Group Executives. The value of the LTVR granted is determined by the Board annually. The Board considered the Group's and the relevant participant's performance during 2021 when determining the LTVR to be granted to the participant. The actual value delivered to the Group CEO or a Group Executive is subject to the level of achievement against the performance hurdle and NAB's share price at the time of vesting. This may be zero if the performance hurdle is not achieved.										
Instrument	The LTVR award is provided as performance rights. Each performance right entitles its holder to receive one NAB share at the end of the four-year performance period, subject to the performance hurdle being satisfied.										
Allocation approach	The number of performance rights to be granted is calculated by dividing the LTVR award face value by NAB's weighted average share price over the last five trading days of the financial year. The weighted average share price used for 2021 is \$27.54.										
Grant date	The award is scheduled to be granted in February 2022.										
Performance period	Four years from 15 November 2021 to 15 November 2025.										
Performance hurdle	TSR measures the return that a shareholder receives through dividends (and any other distributions) together with capital gains over a specific period. For the purposes of calculating TSR over the performance period, the value of the relevant shares on the start date and the end date of the performance period are based on the volume weighted average price of those shares over the 30 trading days up to and including the relevant date. NAB's TSR is measured against the TSR peer group to determine the level of vesting: <table border="1" data-bbox="373 1189 1473 1355"> <thead> <tr> <th>NAB's relative TSR outcome</th> <th>Level of vesting</th> </tr> </thead> <tbody> <tr> <td>Below 50th percentile</td> <td>0%</td> </tr> <tr> <td>At 50th percentile</td> <td>50%</td> </tr> <tr> <td>Between 50th and 75th percentiles</td> <td>Pro-rata vesting from 50% to 100%</td> </tr> <tr> <td>At or above 75th percentile</td> <td>100%</td> </tr> </tbody> </table> The TSR peer group for the 2021 LTVR is: AMP Limited, Australia and New Zealand Banking Group Limited, Bank of Queensland Limited, Bendigo & Adelaide Bank Limited, Commonwealth Bank of Australia, Macquarie Group Limited, Suncorp Group Limited, Westpac Banking Corporation.	NAB's relative TSR outcome	Level of vesting	Below 50th percentile	0%	At 50th percentile	50%	Between 50th and 75th percentiles	Pro-rata vesting from 50% to 100%	At or above 75th percentile	100%
NAB's relative TSR outcome	Level of vesting										
Below 50th percentile	0%										
At 50th percentile	50%										
Between 50th and 75th percentiles	Pro-rata vesting from 50% to 100%										
At or above 75th percentile	100%										
Testing	TSR outcomes are calculated by an independent provider.										
No retesting	The performance hurdle is not retested. Any performance rights that have not vested after the end of performance period will lapse in December 2025.										
Dividends	No dividends are paid.										
Board discretion	The Board has extensive discretion in respect of the LTVR, including the initial value to be granted, the amount of performance rights that vest, any forfeiture or clawback applied. Further information is provided in Section 3.1.										

Section 4.4 explains the 2016 LTI award outcome that was tested during 2021.

REMUNERATION REPORT (CONTINUED)

2.3 Remuneration mix

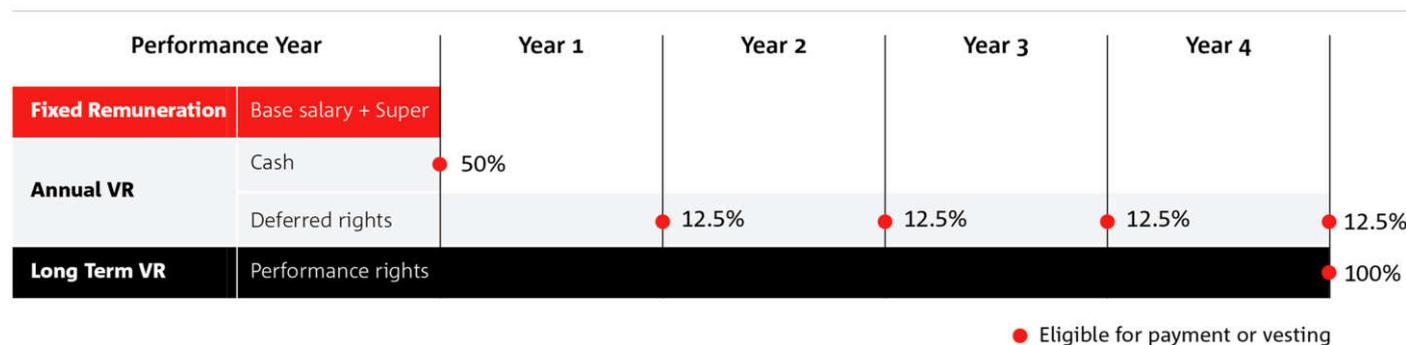
The 2021 remuneration mix for the Group CEO and Group Executives (excluding Control Roles), at maximum opportunity, delivers approximately three-quarters of total remuneration as variable and 'at risk' remuneration. For 2022, the framework will be simplified further, with Control Roles (except the Group Chief Risk Officer) moving to the same Annual VR maximum opportunity as the other Group Executives. The Group Chief Risk Officer's Annual VR maximum opportunity will be set at 112.5% of FR. The changes align with peer practice and will provide fair and appropriate remuneration. The actual remuneration mix for the Group CEO and each Group Executive is subject to Group⁽¹⁾ and individual performance each year.



2.4 Long-term alignment of remuneration

There is a strong focus on alignment of executive remuneration with sustainable performance through deferral. A proportion of remuneration is deferred in the form of equity for up to four years. This encourages long-term decisions which are critical to creating sustainable value for customers and shareholders.

The Board retains discretion to determine whether all or some variable reward (unvested, vested or paid) may be subject to malus and clawback. See Section 3.1 for more detail.



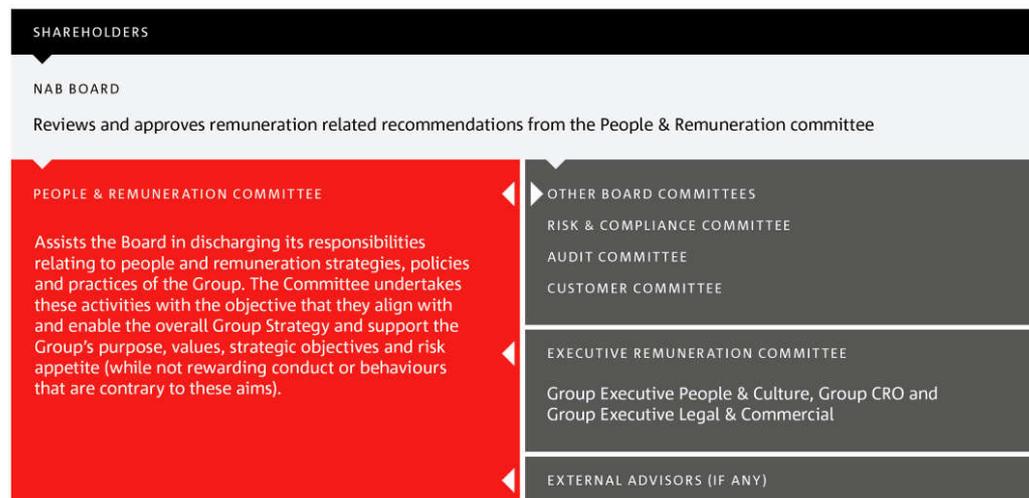
(1) The outcome for the Managing Director and CEO BNZ will vary depending on overall Group and BNZ performance.

REMUNERATION REPORT (CONTINUED)

Section 3 - Governance, risk and consequence

3.1 Remuneration governance

Governance and oversight



The People & Remuneration Committee assists the Board in discharging its responsibilities relating to people and remuneration strategies, policies and practices of the Group. On behalf of the Board, the People & Remuneration Committee is responsible for developing and maintaining an effective remuneration policy. The People & Remuneration Committee governs the application of the policy resulting in responsible remuneration outcomes that are consistent with the Group's strategy and risk appetite. The People & Remuneration Committee has oversight and governance of people related risks, culture, inclusion and diversity, talent and succession matters. The remit emphasises the People & Remuneration Committee's focus on long-term sustainable policy settings that foster desired culture while reinforcing compliance with NAB's Code of Conduct and fulfilling regulatory requirements across jurisdictions in which the Group operates.

Members of the People & Remuneration Committee are independent non-executive directors. Further information about the People & Remuneration Committee is provided in our Corporate Governance Statement and in the People & Remuneration Committee Charter, both of which are available on NAB's website.

Performance, risk and remuneration assessment

The People & Remuneration Committee oversees Group performance outcomes by establishing robust performance measures and targets that support delivery of the Group's strategy and conduct aligned to NAB's Code of Conduct.

The People & Remuneration Committee also makes recommendations to the Board in relation to the assessment of performance and remuneration outcomes for the Group CEO, Group Executives and other persons as determined by the Board. In establishing and assessing performance for recommendation to the Board, the People & Remuneration Committee is supported by all other Board Committees who provide expert, independent reports, and information as required. The Board receives the recommendations, challenges, and applies appropriate judgement in determining the outcome.

Board discretion

The Board regularly reviews Group performance during the year for risk, reputation, conduct and performance considerations. The Board's review includes the Group's quality of financial results, shareholder experience and other sustainability metrics relevant at the time.

The Board has absolute discretion to adjust Rewards⁽¹⁾ down, or to zero, where appropriate. The Board may exercise those discretions in relation to any employee across the Group, by division, by role or individual, depending on circumstances, including if Group or individual performance outcomes have changed over time since the Reward was provided, including for an act or omission that has impacted performance outcomes. Adjustments include, but are not limited to:

- determining the initial value of Rewards
- varying the terms and conditions of Rewards, including performance measures and their weightings
- reducing the value of deferred Rewards (including to zero) during the deferral or performance period, including at vesting
- determining that some, or all, of the unvested Rewards be forfeited on cessation of employment with the Group

(1) In this Section, the term 'Rewards' refers to all forms of variable reward including cash provided under a variable reward plan, deferred variable rewards (cash and equity) to be paid or granted, LTVR performance rights, and any variable rewards granted in previous years.

REMUNERATION REPORT (CONTINUED)

- determining that unvested Rewards should be forfeited due to conduct standards not being met, including as set out in NAB's Code of Conduct
- determining that unvested Rewards will be forfeited (including following the occurrence of a Malus Event⁽¹⁾)
- extending the deferral period at any time for any Rewards⁽²⁾
- clawing back of paid and vested Rewards (to the extent legally permissible).

3.2 Risk and consequence management

The People & Remuneration Committee regularly reviews the Group and individual outcomes for risk, reputation, conduct and performance considerations. This includes oversight of the Group's Employee Conduct Management framework. Effective consequence management supports an appropriate risk culture across the Group.

Risk is the responsibility of all employees of the Group. A sound risk culture is where the mindset, decisions and behaviour of employees are aligned to the Group's strategy and contribute to sustainable outcomes for customers, shareholders and external stakeholders. The Board, Group CEO and Group Executives influence culture by focusing on leadership behaviour, systems and colleagues, reinforced through performance and remuneration outcomes.

How risk is integrated in our remuneration framework

IN-YEAR PERFORMANCE & RISK ASSESSMENT		
	Consequence management	Risk assessment
Scope	<ul style="list-style-type: none"> • Applies to all employees, including Group CEO and Group Executives. • Scope of consequences includes any combination of coaching, counselling, formal warnings, termination of employment, impacts to in-year performance assessment and remuneration outcomes, and the application of malus or clawback depending on the severity of the matter. 	<ul style="list-style-type: none"> • Applies to all employees, including Group CEO and Group Executives. • All employees, including Group Executives (other than the Group CEO who has a risk modifier applied to his Annual VR outcome) have a scorecard inclusive of a mandatory risk goal.
Assessment	<ul style="list-style-type: none"> • In assessing conduct and consequence, each business and enabling unit maintains a Professional Standards Forum which makes recommendations to the Executive Remuneration Committee (members include the Group Executive People & Culture, Group Chief Risk Officer and the Group Executive Legal and Commercial Services). • The Executive Remuneration Committee oversees the effectiveness of the framework, reviews material events, accountability and the application of suitable consequences. The People & Remuneration Committee and the Board oversee consequences for the Group CEO and other executives. 	<ul style="list-style-type: none"> • Divisional Chief Risk Officers provide active oversight, challenge and independent input to the performance review process. • The Group Chief Risk Officer prepares a detailed assessment of the risk outcomes for the Group CEO and each of the Group Executives. <p>The Risk & Compliance Committee assesses the Group Chief Risk Officer's risk outcomes. These assessments are used by the Board in determining individual Group Executive variable reward outcomes.</p> <ul style="list-style-type: none"> • The Group CEO, Group Executives and employees receive higher variable reward if they are driving improvements in the management of risk and compliance. If risk is not appropriately managed, the individual's variable reward will be reduced and other consequences may be applied.

BOARD DISCRETION APPLIED (in year and prior year' outcomes / including vested and unvested rewards)

	Risk adjustment	Conduct standards	Malus and clawback
Explanation	<ul style="list-style-type: none"> • On recommendation from the People & Remuneration Committee, the Board may adjust the 'in-year' funding level of variable reward outcomes or reduce variable reward for individuals to align with risk outcomes. 	<ul style="list-style-type: none"> • Vesting and grant of all forms of Rewards are subject to the employee meeting conduct standards as set out in NAB's Code of Conduct. • The Board may determine unvested Rewards should be adjusted or forfeited (including to zero), in circumstances where these conduct standards are not met. 	<ul style="list-style-type: none"> • Malus and clawback may be used to reduce variable reward to align with risk outcomes • Malus (or forfeiture / lapsing of unvested awards) applies to all employees. • Clawback applies to paid and vested variable reward provided to the Group CEO and Group Executives since July 2018. The Board may apply clawback to the Group CEO, Group Executives, some UK employees and other employees in certain circumstances.

(1) Examples include where the executive has failed to comply with their accountability obligations under the Banking Act 1959 (Cth); has engaged in fraud, dishonesty, gross misconduct, behaviour that may negatively impact the Group's long-term financial soundness or prudential standing or behaviour that brings NAB into disrepute; or has materially breached a representation, warranty, undertaking or obligation to the Group.

(2) For example, the Board may do so if the Board has reason to believe that an employee may not meet conduct standards or comply with their accountability obligations under the *Banking Act 1959* (Cth) or any other analogous or similar legislation or regulations.

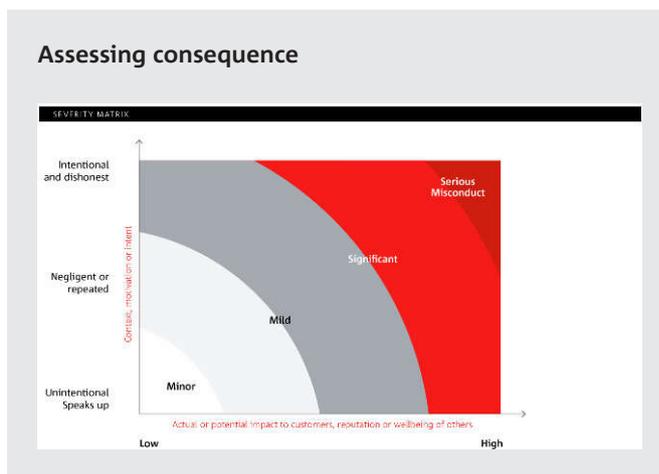
REMUNERATION REPORT (CONTINUED)

Risk and conduct

Effective consequence management supports an appropriate risk culture across the Group. NAB has enhanced its focus on risk and conduct management in 2020 and 2021:

- NAB's Code of Conduct (the Code) (available on NAB's website) was revised and approved by the Board in 2020. The Code outlines what is expected of directors, leaders, colleagues and contractors who perform services on NAB's behalf. It captures not only NAB's legal and regulatory obligations, but also an expectation to act ethically and responsibly towards customers, colleagues and communities.
- The Code emphasises 'How We Work' and the key policies and guidelines which must be followed to achieve expected outcomes. There is a strong emphasis on speaking up about concerns and a guide to ethical decision making.
- The Code is supported by a renewed approach to conduct and consequence management that focuses on fair, consistent and proportionate consequence outcomes. Consequence is informed by the severity of the matter, including an assessment of intention or repetitive conduct.
- Each business and enabling unit has established Professional Standards Forums to review or note breaches of the Code at least quarterly, taking action to set the tone and reinforce NAB's standards of conduct and culture. Any material breaches or conduct that is materially inconsistent with the expected outcomes in the Code are reported to the People and Remuneration Committee.
- Speak Up training deployed to every colleague, and a network of 128 Whistleblower champions foster psychological safety to speak up about concerns.

- NAB's performance framework (Peak performance) was enhanced in 2021 to further embed non-financial metrics with a stronger focus on risk, customer outcomes, and leadership and culture goals to align with Group strategy and values.
- Enhancements on regular reporting, insights and data to support informed decision-making on risk and remuneration outcomes.



No remuneration adjustments were applied to the Group CEO or current Group Executives in 2021. Remuneration adjustments and consequence outcomes applied during 2021 are provided in the table below.

	2021	2020 ⁽¹⁾
Employees recognised for their positive contribution to risk culture	5,139	4,666
Employees identified as not having met risk expectations and accountabilities	2,499	2,390
Code of Conduct breaches identified that resulted in formal consequences ⁽²⁾	4,843	1,271
Employees leaving due to consequence outcomes	209	254
Employees receiving coaching or other remedial actions ⁽²⁾	4,427	1,017
Employees receiving in-year performance rating and variable reward reduction of 5% to 100% ⁽³⁾	220	597
Equity forfeitures as a result of Code of Conduct breaches and revisiting previous variable reward decisions	\$0.33m	\$1.12m

(1) 2020 has been restated to include BNZ data.
 (2) The increase in cases does not reflect worse behaviour but more complete data. Processes were enhanced to allow all minor and mild matters independently managed by people leaders to be captured for 2021. This did not lead to an increase in employees leaving employment with the Group or in people receiving a remuneration reduction.
 (3) VR reductions were managed through application of conduct gates in Australia for 2020. Conduct gates were removed from 1 October 2020 in Australia and replaced with a more fair, consistent and proportionate approach to applying consequences.

REMUNERATION REPORT (CONTINUED)

Section 4 - Remuneration outcomes

4.1 Group performance

The Board determined Group performance for 2021 based on achievement against the GPI outlined below that are linked to the Group's key strategic priorities, and having regard to a qualitative assessment of risk, quality of performance (including consideration of financial, sustainability, environmental and social impact matters, and progress made against strategy) and any other matters as determined by the Board.

The qualitative assessment included the AUSTRAC enforcement investigation of Group entities announced on 7 June 2021. The outcome of that investigation is not yet known. The Board considers that the Group is working to improve the underlying issues that are the subject of the investigation. Adjustments were made in prior years to variable remuneration for current and former executives for shortcomings in the AML program and processes. No adjustment was made in 2021 for any potential adverse outcomes from the investigation but potential adjustments will be considered for new and deferred awards once the outcome of the investigation is known.

The 2021 GPI outcomes are:



¹ Calculation on an expected loss basis provides a view that is reflective of long-term underlying business performance and is less volatile than the Credit Impairment Charge view which in individual years can be impacted by large movements in economic adjustments and forward looking adjustments. Return on Total Allocated Equity on an expected loss basis remains sensitive to changes in the risk profile of the Group's portfolio.

The Board determined the GPI outcome at 105% based on the level of achievement and their assessment of the qualitative overlay.

Historical Group performance

The table below shows the Group's annual financial performance over the last five years and its impact on shareholder value, taking into account dividend payments, share price changes, and other capital adjustments during the period.

Financial performance measure	2021	2020	2019	2018	2017
Basic earnings per share (cents) ⁽¹⁾	196.3	112.7	208.2	215.6	228.2
Cash earnings (\$m) ⁽¹⁾	6,558	3,710	5,853	5,702	6,642
Dividends paid per share (\$)	0.90	1.13	1.82	1.98	1.98
Company share price at start of year (\$)	17.75	29.70	27.81	31.50	27.87
Company share price at end of year (\$)	27.83	17.75	29.70	27.81	31.50
Absolute Total Shareholder Return for the year	61.9%	(36.4%)	13.3%	(5.4%)	20.1%

(1) Information is presented on a continuing operations basis, unless otherwise stated. 2019 has been restated for the presentation of MLC Wealth as a discontinued operation. No other comparative periods have been restated.

The table below summarises the variable reward outcomes for the Group CEO and Group Executives over the last five years, including vesting of LTVR awards relating to prior periods.

REMUNERATION REPORT (CONTINUED)

	2021	2020	2019	2018	2017
Group CEO Annual VR (% of max. Annual VR) ⁽¹⁾	81%	0%	0%	12%	36%
Average Group Executives Annual VR (% of max. Annual VR) ⁽¹⁾	83%	0%	0%	30%	49%
LTVR award - four year performance period (% of total award vested) ⁽²⁾	56%	38%	0%	0%	0%
LTVR award - five year performance period (% of total award vested) ⁽³⁾	n/a	35%	0%	65%	n/a
NAB's four year relative TSR (S&P/ASX50) ⁽⁴⁾	n/a	23 rd	20 th	42 nd	42 nd
NAB's four year relative TSR (Top Financial Services peer group) ⁽⁴⁾⁽⁵⁾	71 st	57 th	43 rd	29 th	29 th
NAB's five year relative TSR (S&P/ASX50) ⁽⁴⁾	n/a	22 nd	35 th	58 th	n/a
NAB's five year relative TSR (Top Financial Services peer group) ⁽⁴⁾⁽⁵⁾	n/a	57 th	43 rd	57 th	n/a

(1) The maximum Annual VR opportunity has changed over time, consistent with the relevant Annual VR plan.

(2) The amount shown for 2021 is the portion of the total 2016 LTI award that vested and for 2020 is the portion of the total 2015 LTI award that vested. Both awards were measured over a four year performance period, against relevant peer groups.

(3) The amount shown for 2020 is the percentage of the total 2014 LTI award that vested. The amount shown for 2018 is the portion of the total 2012 award that vested. Both awards were measured over a five year performance period against relevant peer groups.

(4) Measured over the performance period of the relevant LTVR award.

(5) The Top Financial Services peer group for all awards is: AMP Limited, Australia and New Zealand Banking Group Limited, Bank of Queensland Limited, Bendigo & Adelaide Bank Limited, Commonwealth Bank of Australia, Suncorp Group Limited and Westpac Banking Corporation.

REMUNERATION REPORT (CONTINUED)

4.2 Group CEO and Group Executives' performance

The table below shows the key 2021 performance measures for the Group CEO and the Board's assessment of the Group CEO's performance against those measures. The measures have been selected to support the Group strategy. The Board considers that the Group CEO and Group Executives have executed well on the refreshed Group strategy and are building momentum, and growth in the Group's core business while delivering against the business plan.

Goal, objective and assessment	Weighting	Rating
Customers: <i>Deliver a great customer experience and grow customer advocacy</i> <ul style="list-style-type: none"> Strategic NPS up 5 points from August 2020 to -6 in August 2021, with NAB ranked first of the Australian major banks. This was slightly below the 6 point target increase. Supporting customers with 280 remote working and regional/rural roles combined with 134 new regional small business bankers. Extending support to SME customers impacted by COVID-19 with the NAB Business Support Loan and helping customers impacted by flooding in NSW and the WA cyclone with emergency grants. Provided ~\$2.2bn in deferrals during COVID-19. Bolstering our ability to work with customers on climate risk and transition pathways by building a team highly qualified climate bankers. Reducing 'time to yes'. 	15%	Achieved
Colleagues: <i>Lead cultural change through energy, positivity and simplicity</i> <ul style="list-style-type: none"> The Group's overall colleague engagement score of 77 (July 2021) achieved the 2021 target of top quartile engagement and the Group's 2021 target. Leadership score of 88 for July 2021 increased from 85 at October 2020. Continued leadership of the representation of women in leadership roles. The Group CEO and each Group Executive and their direct reports completing the Distinctive Leadership program building leadership and strategy execution discipline. Delivered Career Qualified in Banking accredited by the Financial Services Institute of Australasia (FINSIA), to over 2,000 colleagues with a further 7,000 commencements. 	15%	Achieved
Safe Growth: <i>Deliver with focus and discipline on our new Group strategy</i> <ul style="list-style-type: none"> Overall market share (composite growth across Business Lending, Home Lending and BNZ) was 0.21% (as at 31 August 2021) slightly above the 2021 target of 0.20%. Lending market share continues to grow driven by Australian SME Lending and New Zealand Home Lending. Business Lending portfolio continues to grow with share of 26.56% (57 basis points above September 2020). Investment spend shifted to initiatives which will deliver better colleague and customer outcomes at lower cost. The proposed acquisition of Citigroup's Australian consumer business, subject to regulatory approvals, and the integration of 86,400's leading technology platform into UBank. The successful sale of MLC Wealth to IOOF. Significant improvement in management of the Group's obligations, risk and controls environment. Achieved an ICS (internal measure of the Group's control environment) of 70 against a target of 63. 	20%	Highly Achieved

REMUNERATION REPORT (CONTINUED)

Goal, objective and assessment	Weighting	Rating
Financial⁽¹⁾⁽²⁾: Deliver attractive returns, safe growth and financial plan	50%	Highly Achieved
<ul style="list-style-type: none"> The Group's 2021 plan was set during a period of high economic uncertainty. This took into account the negative revenue impact of a historically low cash rate and ongoing competition in the housing market. In assessing the Group's financial performance, the Board has considered the actions taken by management to mitigate these impacts. Cash earnings (expected loss basis) of \$5,770 million was \$415 million or 7.7% higher than plan. Cash earnings as reported of \$6,558 million was also materially higher than plan. Net operating income exceeded plan by \$433 million or 2.6%. The plan assumed net operating income would be lower than 2020 by 4.7%, reflecting lower earnings rates on deposits and capital due to the low interest rate environment together with competitive pressures and product mix impacting housing lending margins. Operating expenses were \$45 million or 0.6% unfavourable to plan. Expenses were \$138 million or 1.8% higher than 2020, primarily driven by higher personnel expenses, including provisions for higher performance-based compensation. Credit impairment charge (expected loss basis) was \$155 million or 14.9% favourable to plan primarily due to underlying asset quality and volume mix. Return on Total Allocated Equity (expected loss basis) of 10.36% was 127bps higher than plan reflecting an increase in cash earnings and lower allocated equity benefitting from the improved operating conditions and better than expected asset quality outcomes. Balance sheet settings were maintained at prudent levels including a CET1 capital ratio as at 30 September 2021 of 13.00%, above the top end of the Group's target range and 153 basis points higher over the year. The Group has maintained strong liquidity through 2021 with surpluses above regulatory minimums. The NSFR was 123% and the LCR was 126%, both above the APRA regulatory requirement of 100%. 		
Overall Outcome		Highly Achieved
Risk modifier: Regulatory, breach management, progress on matters of interest, losses associated with operational events and remediation costs, reputation		Achieved
<ul style="list-style-type: none"> The Group CEO has shown effective leadership in driving greater ownership and accountability for risk across his direct reports. Reduction in risk events and regulatory breaches. Faster and safe simplification of risk policies and processes. 		
How we Work modifier: Individual conduct and demonstration of NAB's values		Highly Achieved
<ul style="list-style-type: none"> The Board considers the Group CEO has strongly demonstrated the Group's values and supported the Group's desired culture. 		
Overall Outcome		121% of target 81% of maximum opportunity

(1) Information is submitted on a continuing operations basis, unless otherwise stated and excludes large notable items.
(2) Calculation on an expected loss basis provides a view that is reflective of long-term underlying business performance and is less volatile than the Credit Impairment Charge view which in individual years can be impacted by large movements in economic adjustments and forward looking adjustments. Return on Total Allocated Equity on an expected loss basis remains sensitive to changes in the risk profile of the Group's portfolio.

The Group Executives' scorecards have relevant individual measures aligned with the Group CEO's performance measures outlined above. The Group Executives received overall outcomes ranging from 70% to 99% of maximum opportunity, with an average (excluding the Group CEO) of 83% of the maximum opportunity.

REMUNERATION REPORT (CONTINUED)

4.3 In-year variable reward outcomes

Group CEO and Group Executives

The table below outlines the actual VR outcome for the Group CEO and each of the Group Executives for 2021 and how that outcome compares to their maximum VR opportunity. The variance in the individual scores reflects the differences in the Group CEO's and each Group Executive's performance against the key areas of their individual scorecard. Individual outcomes for the Group Executives varied between 70% and 99% of maximum opportunity.

Name	Maximum Annual VR opportunity \$	Total Annual VR \$	Annual VR cash \$	VR deferred rights \$	% of maximum Annual VR opportunity %
Group CEO					
Ross McEwan	3,750,000	3,018,750	1,509,375	1,509,375	81
Group Executives					
Sharon Cook	945,000	793,800	396,900	396,900	84
Shaun Dooley	1,155,000	848,926	424,463	424,463	74
Susan Ferrier	945,000	694,576	347,288	347,288	74
David Gall	1,800,000	1,638,000	819,000	819,000	91
Nathan Goonan	945,000	793,800	396,900	396,900	84
Andrew Irvine	1,800,000	1,575,000	787,500	787,500	88
Gary Lennon	1,650,000	1,155,000	577,500	577,500	70
Les Matheson	1,134,863	794,404	397,202	397,202	70
Angela Mentis	1,800,000	1,786,680	893,340	893,340	99
Rachel Slade	1,800,000	1,575,000	787,500	787,500	88
Patrick Wright	2,250,000	1,968,750	984,375	984,375	88
Total	19,974,863	16,642,686	8,321,343	8,321,343	82

REMUNERATION REPORT (CONTINUED)

4.4 Prior year long-term incentive awards

(a) 2016 LTI award testing

The performance hurdles for the 2016 LTI award were tested during 2021. The performance hurdles for the 2016 LTI award, measured over the relevant four-year performance period, were partially achieved resulting in 55.8% of the total performance rights vesting. This was the only test of the performance hurdles and all performance rights that did not vest were lapsed. The table below sets out details of the outcomes.

Performance hurdle	Performance period	% of award	Result	% of rights vested	% of rights lapsed	% of rights remaining
NAB's Cash Return On Equity growth ⁽¹⁾	2017 to 2020 financial years	40	Ranked 4th	-	100	-
NAB's TSR relative to Top Financial Services peer group ⁽²⁾⁽³⁾	9/11/2016 to 9/11/2020	60	71st percentile ranking	93	7	-

(1) Assessed against Australia and New Zealand Banking Group Limited, Commonwealth Bank of Australia, Westpac Banking Corporation. For Commonwealth Bank of Australia the financial year is from July to June and for NAB and the other banks, from October to September.

(2) The peer group for this performance hurdle is: AMP Limited, Australia and New Zealand Banking Group Limited, Bank of Queensland Limited, Bendigo & Adelaide Bank Limited, Commonwealth Bank of Australia, Suncorp Group Limited and Westpac Banking Corporation.

(3) TSR is based on the 30 trading day volume weighted average price of the relevant shares up to and including the start and end of the performance period.

The following matters were considered by the Board in determining the level of vesting for the 2016 LTI award.

Performance hurdle	Vesting schedule	Performance assessment considerations
NAB's cash Return on Equity growth	<ul style="list-style-type: none"> Ranked 4th - no vesting Ranked 3rd - 25% vesting Ranked 2nd - 50% vesting Ranked 1st - 100% vesting 	A framework has been approved by the Board to assess relative cash Return on Equity performance for the peer group companies. Consistent with the framework, the Board decided not to make any adjustments to NAB or the peer group companies in assessing the performance hurdle.
NAB's TSR relative to Top Financial Services peer group	<ul style="list-style-type: none"> No vesting below the 50th percentile 50% vesting at the 50th percentile on a straight line scale up to 100% vesting at the 75th percentile No further vesting for better than the 75th percentile 	<ul style="list-style-type: none"> TSR measures the return that a shareholder receives through dividends (and any other distributions) together with capital gains over a specific period. For the purposes of calculating TSR over the performance period, the value of the relevant shares on the start date and the end date of the performance period are based on the volume weighted average price of those shares over the 30 trading days up to and including the relevant date. The Board exercised its discretion under the LTI plan and approved the measurement of the TSR for companies in the peer group be adjusted to ensure the impact of changes in the timing of their ex-dividend date, did not have an unintended consequence and to achieve an outcome consistent with the original intent of the award to measure relative TSR performance over the performance period. As a result of the Board exercising its discretion and adjusting the TSR calculation for the change in the timing of the ex-dividend date, NAB achieved a 71st percentile ranking. If the TSR calculation had not been adjusted as described, NAB would have achieved a 57th percentile ranking.

(b) Overview of unvested long-term awards

The following is a summary of the unvested long-term awards held by the Group CEO and Group Executives.

Award	Grant date	Performance period	Vesting date	Performance hurdles
2017 LTI	19/12/2017	<ul style="list-style-type: none"> 2018 to 2021 financial years 14/11/2017 to 14/11/2021 	20/12/2021	<ul style="list-style-type: none"> NAB's cash ROE growth against Australia and New Zealand Banking Group Limited, Commonwealth Bank of Australia, Westpac Banking Corporation NAB's TSR performance against a financial services peer group
2019 LTVR	26/02/2020	15/11/2019 to 15/11/2023	22/12/2023	NAB's TSR performance against a financial services peer group
2020 LTVR	24/02/2021	15/11/2020 to 15/11/2024	22/12/2024	NAB's TSR performance against a financial services peer group

Details of LTI and LTVR awards granted in respect of previous years can be found in NAB's previous remuneration reports which are available at www.nab.com.au/about-us/shareholder-centre/financial-disclosuresandreporting/annual-reports-and-presentations.

REMUNERATION REPORT (CONTINUED)

4.5 Realised remuneration

The table below is a voluntary non-statutory disclosure that shows the realised remuneration the Group CEO and each Group Executive received for the period in 2021 during which they were a Group Executive. The amounts shown include fixed remuneration, previous years' deferred variable reward which vested in 2021, and other equity and cash based awards that vested in 2021. The value of equity awards is calculated using NAB's closing share price on the vesting or forfeiture or lapsing date. Not all amounts have been prepared in accordance with Australian Accounting Standards and this information differs from the statutory remuneration table (in Section 5.1) which shows the expense for vested and unvested awards in accordance with Australian Accounting Standards.

Name		2021			Prior years	Total realised remuneration	Equity forfeited / lapsed ⁽³⁾
		Fixed remuneration ⁽¹⁾	Annual VR cash	Total 2021 remuneration	Vested / paid remuneration ⁽²⁾		
		\$	\$	\$	\$	\$	\$
Group CEO							
Ross McEwan	2021	2,503,866	1,509,375	4,013,241	-	4,013,241	-
	2020	1,837,165	-	1,837,165	-	1,837,165	-
Group Executives							
Sharon Cook	2021	903,514	396,900	1,300,414	8,865	1,309,279	-
	2020	903,449	-	903,449	58,340	961,789	-
Shaun Dooley	2021	1,079,637	424,463	1,504,100	202,252	1,706,352	(201,543)
	2020	1,003,831	-	1,003,831	236,545	1,240,376	(224,607)
Susan Ferrier	2021	900,988	347,288	1,248,276	6,942	1,255,218	-
	2020	903,449	-	903,449	-	903,449	-
David Gall	2021	1,209,534	819,000	2,028,534	595,888	2,624,422	(472,097)
	2020	1,204,597	-	1,204,597	884,267	2,088,864	(1,490,936)
Nathan Goonan	2021	904,279	396,900	1,301,179	204,660	1,505,839	(201,543)
	2020	303,448	-	303,448	-	303,448	-
Andrew Irvine	2021	1,201,430	787,500	1,988,930	1,492,093	3,481,023	-
	2020	101,149	-	101,149	-	101,149	-
Gary Lennon	2021	1,109,009	577,500	1,686,509	755,082	2,441,591	(590,116)
	2020	1,106,235	-	1,106,235	360,575	1,466,810	(249,597)
Les Matheson	2021	761,178	397,202	1,158,380	-	1,158,380	-
Angela Mentis	2021	1,346,827	893,340	2,240,167	772,787	3,012,954	(590,116)
	2020	1,366,499	-	1,366,499	1,454,442	2,820,941	(1,822,197)
Rachel Slade	2021	1,203,746	787,500	1,991,246	212,400	2,203,646	(201,543)
	2020	1,033,334	-	1,033,334	113,940	1,147,274	-
Patrick Wright	2021	1,503,141	984,375	2,487,516	52,329	2,539,845	-
	2020	1,505,746	-	1,505,746	739,962	2,245,708	-

(1) Includes cash salary and superannuation consistent with the statutory remuneration table in Section 5.1, excluding accrued annual leave entitlements. The 2020 comparative amount has been adjusted for Angela Mentis' annual leave entitlement accrual, arising from changes in BNZ's leave policy.

(2) Amounts related to prior year vested equity or cash based remuneration. This includes LTI performance rights, Transformation performance rights, commencement awards, shares received under the General Employee Share Offer and dividends paid during 2021 in relation to any deferred share awards. Details of the vested equity awards are provided in Section 5.2.

(3) Awards or remuneration lapsed or forfeited during 2021. Details of the awards are provided in Section 5.2.

REMUNERATION REPORT (CONTINUED)

Section 5 - Group CEO and Group Executive statutory remuneration disclosures

5.1 Statutory remuneration

The following table has been prepared in accordance with Australian Accounting Standards and Section 300A of the *Corporations Act 2001* (Cth). The table shows details of the nature and amount of each element of remuneration paid or awarded to the Group CEO and Group Executives for services provided during the year while they were KMP (including variable reward amounts in respect of performance during the year which are paid following the end of the year). In addition to the remuneration benefits below, NAB paid an insurance premium for a contract insuring the Group CEO and Group Executives as officers. It is not possible to allocate the benefit of this premium between individuals. In accordance with usual commercial practice, the insurance contract prohibits disclosure of details of the premium paid.

Name		Short-term benefits			Post-employment benefits	Other long-term benefits ⁽⁵⁾	Equity-based benefits		Other remuneration ⁽⁸⁾	Total ⁽⁹⁾
		Cash salary ⁽¹⁾	Annual VR cash ⁽²⁾	Non-monetary ⁽³⁾	Superannuation ⁽⁴⁾		Shares ⁽⁶⁾	Rights ⁽⁷⁾		
		\$	\$	\$	\$	\$	\$	\$	\$	
Group CEO										
Ross McEwan	2021	2,480,543	1,509,375	-	23,323	14,278	-	1,265,716	-	5,293,235
	2020	1,865,204	-	160,189	22,852	7,664	-	255,279	-	2,311,188
Group Executives										
Sharon Cook	2021	873,563	396,900	-	23,047	7,289	53,093	555,234	-	1,909,126
	2020	886,553	-	-	20,344	6,083	53,238	127,349	-	1,093,567
Shaun Dooley	2021	1,043,862	424,463	-	23,117	39,280	43	324,667	-	1,855,432
	2020	991,429	-	583	20,065	35,752	6,270	179,572	-	1,233,671
Susan Ferrier	2021	874,489	347,288	-	23,047	5,140	62,310	383,864	-	1,696,138
	2020	897,838	-	4,433	22,852	4,152	-	82,347	-	1,011,622
David Gall	2021	1,183,492	819,000	2,257	26,042	21,384	-	535,355	-	2,587,530
	2020	1,182,823	-	2,840	21,774	21,221	-	400,689	-	1,629,347
Nathan Goonan	2021	801,835	396,900	-	23,047	13,982	17,405	219,729	-	1,472,898
	2020	306,719	-	-	5,994	4,188	5,874	81,397	-	404,172
Andrew Irvine	2021	1,201,292	787,500	378,543	23,152	5,577	1,033,703	584,174	870,000	4,883,941
	2020	102,876	-	14,042	5,994	361	203,525	-	210,000	536,798
Gary Lennon	2021	1,081,673	577,500	-	23,117	19,670	61,286	346,078	-	2,109,324
	2020	1,086,448	-	583	19,787	19,481	61,454	419,383	-	1,607,136
Les Matheson (for part year)	2021	777,665	397,202	261,174	17,676	3,516	-	354,116	-	1,811,349
Angela Mentis	2021	1,443,847	893,340	238,391	35,816	34,284	167,333	518,543	-	3,331,554
	2020	1,339,989	-	261,177	33,573	32,361	167,791	513,167	-	2,348,058

REMUNERATION REPORT (CONTINUED)

Name		Short-term benefits			Post-employment benefits	Other long-term benefits ⁽⁵⁾	Equity-based benefits		Other remuneration ⁽⁸⁾	Total ⁽⁹⁾
		Annual VR			Superannuation ⁽⁴⁾		Shares ⁽⁶⁾	Rights ⁽⁷⁾		
		Cash salary ⁽¹⁾	cash ⁽²⁾	Non-monetary ⁽³⁾						
		\$	\$	\$	\$	\$	\$	\$	\$	
Rachel Slade	2021	1,139,169	787,500	-	23,152	11,224	60,817	524,602	-	2,546,464
	2020	1,022,185	-	583	20,344	9,697	64,660	220,320	-	1,337,789
Patrick Wright	2021	1,520,158	984,375	274,890	23,257	12,148	313,399	1,137,646	-	4,265,873
	2020	1,556,040	-	130,201	18,672	10,139	314,257	299,613	7,835	2,336,757
Former Group Executives										
Mike Baird (for part year)	2020	677,791	-	2,730	13,514	4,388	261,467	(142,010)	1,109,701	1,927,581
Anthony Healy (for part year)	2020	702,254	-	12,399	13,514	12,348	304,461	4,446	1,169,701	2,219,123
Michael Saadie (for part year)	2020	290,316	55,703	2,863	5,994	4,552	19,239	60,365	-	439,032
Anthony Waldron (for part year)	2020	105,454	13,480	-	1,868	1,236	5,394	18,825	-	146,257
Total	2021	14,421,588	8,321,343	1,155,255	287,793	187,772	1,769,389	6,749,724	870,000	33,762,864
Total	2020	13,013,919	69,183	592,623	247,141	173,623	1,467,630	2,520,742	2,497,237	20,582,098

- (1) Includes cash allowances, payroll remediation payments, motor vehicle benefits, parking and short-term compensated absences, such as annual leave entitlements accrued. Any related fringe benefits tax is included. The 2020 comparative amount has been adjusted for Angela Mentis' annual leave entitlement accrual, arising from changes in BNZ's leave policy.
- (2) The VR cash received in respect of 2021 is scheduled to be paid on 22 December 2021 in Australia and 27 November 2021 in New Zealand.
- (3) Includes relocation costs considered to provide a benefit to the individual (including temporary accommodation, furniture rental, utility costs, dependant travel costs, insurance, stamp duty, associated fringe benefit tax and other benefits). For international assignees this may also include the provision of health fund benefits and tax advisory services. The 2020 comparative amount has been adjusted for Ross McEwan as fringe benefits tax is not payable on certain amounts associated with his relocation to Australia and for Angela Mentis an additional amount has been included for motor vehicle benefits.
- (4) Includes company contributions to superannuation and allocations by employees made by way of salary sacrifice of fixed remuneration. Superannuation contributions are not required to be paid to individuals based in New Zealand but such payments may be made as part of cash salary.
- (5) Includes long service leave entitlements accrued based on an actuarial calculation.
- (6) 2021 expense based on the grant date fair value, amortised on a straight line basis over the vesting period for: (a) General Employee shares granted in December 2017 to Shaun Dooley, Nathan Goonan and Rachel Slade, and in December 2018 to Nathan Goonan and Angela Mentis. (b) Long-term shares granted to Susan Ferrier in February 2021, restricted until December 2023. The shares are subject to continued employment, malus and clawback provisions. (c) Commencement shares granted to Andrew Irvine in November 2020. 21% of the shares were restricted until December 2020, 21% until December 2021, 24% until December 2022, 31% until December 2023 and 3% in December 2024. The shares are subject to continued employment, malus and clawback provisions. (d) 2018 VR deferred shares granted in February 2019 to Sharon Cook, Gary Lennon, Angela Mentis, Rachel Slade and Patrick Wright. The shares are restricted for approximately four years, subject to performance and service conditions. 2019 VR deferred shares granted in February 2020 to Nathan Goonan for performance in his previous role. The shares are restricted for approximately three years, subject to performance and service conditions.
- (7) 2021 expense based on the grant date fair value, amortised on a straight line basis over the vesting period for: (a) 2021 VR deferred rights scheduled to be granted in February 2022. The VR deferred rights are restricted for up to four years, with 25% scheduled to vest in November 2022, 25% in November 2023, 25% in November 2024 and 25% in November 2025. The deferred rights are subject to continued employment, malus and clawback. (b) 2016 and 2017 LTI performance rights granted in December 2016 and December 2017 respectively under the Group's previous LTI program. The 2016 LTI was tested in 2020 and 55.8% of the performance rights vested and the remaining 44.2% lapsed. Tranche 1 of the 2016 LTI fully lapsed and the associated expense reversed. (c) 2019 and 2020 LTVR performance rights granted in February 2020 and February 2021 respectively and 2021 LTVR performance rights scheduled to be granted in February 2022 as described in Section 1.2 and Section 2.2. (d) Transformation performance rights granted to Shaun Dooley, Nathan Goonan and Rachel Slade in February 2018 for performance in their prior roles. The performance rights were restricted for 3 years and subject to achievement of customer and cost savings performance and service hurdles. The performance hurdles were tested during 2020 and 50% of the award vested. The remaining 50% of the award lapsed and the associated expense reversed.
- (8) For Andrew Irvine, the 2021 amount shown is a portion of his commencement award paid in cash in December 2020. In accordance with Australian Accounting Standards this amount has been expensed in 2020 and 2021. Andrew received a commencement award to compensate for the loss of deferred benefits and current year variable reward on leaving his former employer. The award consists of \$630,000 cash paid in December 2020 and \$2,060,000 in restricted shares (see 6(c) above). The remaining \$450,000 was paid in May 2021 to compensate Andrew for an incentive related pension entitlement lost on leaving his former Canadian employer.
- (9) The percentage of 2021 total remuneration related to performance-based remuneration was: Ross McEwan 52%, Sharon Cook 53%, Shaun Dooley 40%, Susan Ferrier 47%, David Gall 52%, Nathan Goonan 43%, Andrew Irvine 49%, Gary Lennon 47%, Les Matheson 41%, Angela Mentis 47%, Rachel Slade 54%, Patrick Wright 57%.

REMUNERATION REPORT (CONTINUED)

5.2 Value of shares and rights

The following table shows the number and value of shares and rights that were granted by NAB, forfeited, lapsed or vested for the Group CEO and each Group Executive during the year to 30 September 2021. Rights refers to VR deferred rights, LTI performance rights, LTVR performance rights and any other deferred rights or performance rights provided under a current or previous VR plan. A right is a right to receive one NAB share subject to the satisfaction of the relevant performance and service conditions. The value shown is the full accounting value to be expensed over the vesting period, which is generally longer than the current year. The Group CEO and Group Executives did not pay any amounts for rights that vested and were exercised during 2021. There are no amounts unpaid on any of the shares exercised.

There have been no changes to the terms and conditions of these awards, or any other awards since the awards were granted. All rights that vest are automatically exercised when they vest. For the awards allocated during the year to 30 September 2021, the maximum number of shares or rights that may vest is shown for the Group CEO and each Group Executive. The maximum value of the equity awards is the number of shares or rights subject to NAB's share price at the time of vesting. The minimum number of shares or rights and the value of the equity awards is zero if the equity is fully forfeited or lapsed.

Name		Forfeited /			Forfeited /			
		Granted ⁽¹⁾ No.	Grant date	lapsed ⁽²⁾ No.	Vested ⁽³⁾ No.	Granted \$	lapsed ⁽⁴⁾ \$	Vested \$
Group CEO								
Ross McEwan	LTVR rights	180,655	24/02/2021	-	-	2,077,533	-	-
Group Executives								
Sharon Cook	LTVR rights	65,036	24/02/2021	-	-	747,914	-	-
Shaun Dooley	General employee shares	30	13/12/2017	-	30	-	-	886
	Transformation rights	17,248	21/02/2018	(8,624)	8,624	-	(201,543)	211,374
	LTVR rights	72,262	24/02/2021	-	-	831,013	-	-
Susan Ferrier	Long-term shares	11,570	24/02/2021	-	-	294,688	-	-
	LTVR rights	65,036	24/02/2021	-	-	747,914	-	-
David Gall	LTI rights	45,699	14/12/2016	(20,201)	25,498	-	(472,097)	272,064
	LTVR rights	86,714	24/02/2021	-	-	997,211	-	-
Nathan Goonan	General employee shares	30	13/12/2017	-	30	-	-	886
	Transformation rights	17,248	21/02/2018	(8,624)	8,624	-	(201,543)	211,374
	LTVR rights	65,036	24/02/2021	-	-	747,914	-	-
Andrew Irvine	Commencement shares	109,694	6/11/2020	-	23,323	2,060,053	-	438,006
	LTVR rights	86,714	24/02/2021	-	-	997,211	-	-
Gary Lennon	LTI rights	57,123	14/12/2016	(25,251)	31,872	-	(590,116)	340,074
	LTVR rights	79,488	24/02/2021	-	-	914,112	-	-
Les Matheson	LTVR rights	75,875	24/02/2021	-	-	872,563	-	-
Angela Mentis	LTI rights	57,123	14/12/2016	(25,251)	31,872	-	(590,116)	340,074
	LTVR rights	86,714	24/02/2021	-	-	997,211	-	-
Rachel Slade	General employee shares	30	13/12/2017	-	30	-	-	886
	Transformation rights	17,248	21/02/2018	(8,624)	8,624	-	(201,543)	211,374
	LTVR rights	86,714	24/02/2021	-	-	997,211	-	-
Patrick Wright	LTVR rights	108,393	24/02/2021	-	-	1,246,520	-	-

- The following securities have been granted during 2021: a) LTVR performance rights allocated in February 2021 (in respect of 2020) to the Group CEO and all Group Executives. The performance rights are restricted until December 2024 and subject to service and performance hurdles. b) Long-term shares allocated to Susan Ferrier in February 2021. See Section 5.1 for more details. c) Commencement shares allocated to Andrew Irvine in November 2020. See Section 5.1 for more details.
- The following securities have lapsed during 2021: a) Transformation performance rights allocated in February 2018 were partially lapsed in December 2020 for Shaun Dooley, Nathan Goonan and Rachel Slade. The award relates to their role prior to becoming a Group Executive. Further details are provided in Section 4.4. b) LTI performance rights allocated in December 2016 were partially lapsed in December 2020 for David Gall, Gary Lennon and Angela Mentis. Further details are provided in Section 4.4.
- The following securities have vested during 2021: a) General employee shares granted to Shaun Dooley, Nathan Goonan and Rachel Slade in December 2017, fully vested in December 2020. b) Transformation performance rights allocated in February 2018 partially vested in December 2020 for Shaun Dooley, Nathan Goonan and Rachel Slade. The award relates to their role prior to becoming a Group Executive. Further details are provided in Section 5.1. c) LTI performance rights allocated in December 2016 partially vested in December 2020 for David Gall, Gary Lennon and Angela Mentis. Further details are provided in Section 4.4.
- Calculated using NAB's closing share price on the forfeiture / lapsing date.

REMUNERATION REPORT (CONTINUED)

5.3 Determining the value of equity remuneration

The number of shares and rights provided to the Group CEO and Group Executives by NAB are determined using a face value methodology. The table below shows the fair value of shares and rights granted by NAB during 2021 in accordance with statutory requirements. The grant date fair value of each share is determined by the market value of NAB shares and is generally a five day weighted average share price. The grant date fair value of shares and rights with market performance hurdles is determined using a simulated version of the Black-Scholes model.

No performance options have been granted during the year. Shares and rights granted during 2021 were granted at no cost to the Group CEO or Group Executive and have a zero exercise price.

Type of allocation	Award type	Grant date	Grant share price ⁽¹⁾ \$	Fair value \$	Restriction period end ⁽²⁾
Commencement shares ⁽³⁾	Shares	6 November 2020		18.78	1 December 2020
Commencement shares ⁽³⁾	Shares	6 November 2020		18.78	31 December 2021
Commencement shares ⁽³⁾	Shares	6 November 2020		18.78	31 December 2022
Commencement shares ⁽³⁾	Shares	6 November 2020		18.78	31 December 2023
Commencement shares ⁽³⁾	Shares	6 November 2020		18.78	31 December 2024
Long-term share award ⁽⁴⁾	Shares	24 February 2021		25.47	22 December 2023
Long-Term Variable Reward ⁽⁵⁾	Performance rights	24 February 2021	24.90	11.50	22 December 2024

(1) The Grant share price is NAB's closing share price at the date of valuation (being the grant date of the relevant award). The Grant share price was used to determine the fair value.

(2) Any performance rights that vest are automatically exercised at the end of the restriction period. The end of the restriction period for the LTVR performance rights is also the expiry date for those performance rights.

(3) Andrew Irvine received commencement shares on joining NAB. Details of the awards are provided in section 5.1, footnote 8.

(4) Long-term shares were provided to Susan Ferrier. Details of the award are provided in section 1.2.

(5) The number of LTVR performance rights allocated to each eligible participant was calculated using the weighted average share price over the five trading days up to 30 September 2020, inclusive, being \$17.99.

Hedging policy

Directors and employees are prohibited from protecting the value of their equity awards by hedging. Further details are available in the Group Securities Trading Policy.

NAB's Group Securities Trading Policy explains the law and the Policy for our colleagues to comply with when trading in NAB securities. All employees are prohibited from using derivatives in relation to elements of their remuneration that are unvested. In addition, closely related parties of KMP are prohibited from using derivatives or otherwise entering into hedging arrangements in relation to elements of their remuneration that are unvested or which have vested but remain subject to forfeiture conditions.

The Group Securities Trading Policy is available at <https://www.nab.com.au/content/dam/nabrwd/documents/policy/corporate/group-securities-trading-policy.pdf>.

REMUNERATION REPORT (CONTINUED)

5.4 Rights holdings

No rights or performance options (i.e. entitlements to NAB shares) are granted to the Group CEO or Group Executives' related parties.

No performance options (i.e. a right requiring payment of a subscription price on vesting) are currently held by the Group CEO or Group Executives. The number of rights that vested during the year was equivalent to the number of rights that were exercised during the year. At 30 September 2021, no rights held by the Group CEO or Group Executives were: (i) vested and exercisable; nor (ii) vested but not exercisable.

Name	Balance at beginning of year ⁽¹⁾ No.	Granted during year as remuneration No.	Exercised during year No.	Forfeited / lapsed or expired during year No.	Balance at end of year No.
Group CEO					
Ross McEwan	-	180,655	-	-	180,655
Group Executives					
Sharon Cook	59,875	65,036	-	-	124,911
Shaun Dooley	50,748	72,262	(8,624)	(8,624)	105,762
Susan Ferrier	-	65,036	-	-	65,036
David Gall	146,262	86,714	(25,498)	(20,201)	187,277
Nathan Goonan	17,248	65,036	(8,624)	(8,624)	65,036
Andrew Irvine	-	86,714	-	-	86,714
Gary Lennon	158,109	79,488	(31,872)	(25,251)	180,474
Les Matheson	-	75,875	-	-	75,875
Angela Mentis	173,079	86,714	(31,872)	(25,251)	202,670
Rachel Slade	56,443	86,714	(8,624)	(8,624)	125,909
Patrick Wright	134,329	108,393	-	-	242,722

(1) Balance may include rights granted prior to individuals becoming KMP. For individuals who became KMP during 2021, the balance is at the date they became KMP.

REMUNERATION REPORT (CONTINUED)

5.5 Group CEO and Group Executives' share ownership

The number of NAB shares held (directly and nominally) by the Group CEO and each Group Executive or their related parties (their close family members or any entity they, or their close family members, control, jointly control or significantly influence) are set out below:

Name	Balance at beginning of year ⁽¹⁾ No.	Granted during year as remuneration No.	Received during year on exercise of rights No.	Other changes during year No.	Balance at end of year No.
Group CEO					
Ross McEwan	53,897	-	-	-	53,897
Group Executives					
Sharon Cook	13,446	-	-	-	13,446
Shaun Dooley	62,480	-	8,624	-	71,104
Susan Ferrier	-	11,570	-	-	11,570
David Gall	94,350	-	25,498	-	119,848
Nathan Goonan	3,590	-	8,624	(8,624)	3,590
Andrew Irvine	-	109,694	-	(23,323)	86,371
Gary Lennon	120,213	-	31,872	(15,172)	136,913
Les Matheson	-	-	-	-	-
Angela Mentis	154,096	-	31,872	(31,500)	154,468
Rachel Slade	39,811	-	8,624	-	48,435
Patrick Wright	79,818	-	-	-	79,818

(1) Balance may include shares held prior to individuals becoming KMP. For individuals who became KMP during 2021, the balance is at the date they became KMP.

Minimum shareholding requirements

The Group CEO and Group Executives are required to accumulate and retain NAB equity over a five year period from commencement as KMP to an amount equal to:

- two times fixed remuneration for the Group CEO
- one times fixed remuneration for Group Executives.

Additionally, the Group CEO must hold at least 2,000 NAB ordinary shares within six months of appointment.

Holdings included in meeting the minimum shareholding requirements for each of the Group CEO or a Group Executive are NAB shares held, equity received under NAB's employee equity plans that has vested and is retained, and unvested VR deferred shares and VR deferred rights.

The Group CEO and Group Executives have met their current shareholding requirements.

5.6 Group CEO and Group Executive contract terms

The Group CEO and Group Executives are employed on the following contractual terms:

Contractual term	Arrangement
Duration	<ul style="list-style-type: none"> • Permanent ongoing employment
Notice period⁽¹⁾	<ul style="list-style-type: none"> • 26 weeks⁽²⁾
Other key arrangements on separation	<ul style="list-style-type: none"> • If the Group CEO or Group Executive resigns or is dismissed by NAB they do not receive any annual or long-term variable reward in that year and any unvested awards are forfeited. • Unvested awards may be retained on separation in other circumstances such as retrenchment or retirement. Where unvested awards do not lapse on cessation of employment, they will continue to be held by the individual on the same terms. • All statutory entitlements are paid.
Post-employment obligations	<ul style="list-style-type: none"> • Non-compete and non-solicitation obligations apply.

(1) Payment in lieu of notice for some or all of the notice period may be approved by the Board in certain circumstances. Termination payments are not paid on resignation, summary termination or termination for unsatisfactory performance, although the Board may determine exceptions to this.

(2) Subject to the terms of the NAB Enterprise Agreement 2016.

REMUNERATION REPORT (CONTINUED)**Section 6 - Non-executive director remuneration****6.1 Fee policy and pool**

Non-executive directors receive fees to recognise their contribution to the work of the Board. Additional fees are paid, where applicable, for serving on Board Committees, on Boards of controlled entities and internal advisory boards. Fees include NAB's compulsory contributions to superannuation. Fees are set to reflect the time commitment and responsibilities of the role. To maintain independence and objectivity, non-executive directors do not receive any performance related remuneration. Non-executive directors do not receive any termination payments.

The total amount of non-executive directors' remuneration is capped at a maximum aggregate fee pool that is approved by shareholders. The current aggregate fee pool of \$4.5 million per annum was approved by shareholders at NAB's 2008 Annual General Meeting. The total Board and Committee fees, including superannuation, paid to non-executive directors in 2021 is within the approved aggregate fee pool.

The following table shows the 2021 non-executive director Board and Committee fee policy structure.

	Chair (\$pa)	Non-executive director (\$pa)
Board	790,000	230,000
Audit Committee	65,000	32,500
Risk & Compliance Committee	60,000	30,000
People & Remuneration Committee	55,000	27,500
Customer Committee	40,000	20,000
Nomination & Governance Committee	-	10,000

Changes for 2022

Non-executive director fees are generally reviewed annually, including against fee levels paid to board members of other major Australian corporations. As a result of the 2021 fee review, the Board determined to make the following changes effective from 1 October 2021:

- Increase the Board Chair fee from \$790,000 to \$825,000 and non-executive director Board fee from \$230,000 to \$240,000 to continue to attract and retain high quality non-executive directors.
- Increase the Risk and Compliance Committee Chair fee from \$60,000 to \$65,000 and the fee for being a member of that Committee from \$30,000 to \$32,500 due to the increased workload for this Committee over recent years.

REMUNERATION REPORT (CONTINUED)

6.2 Statutory remuneration

The 2021 fees paid to the non-executive directors are set out below. The 2020 fees paid take into account the 20% reduction to the chairman fee and non-executive director base fee from 1 April 2020 to 30 September 2020 and changes in the directors' duties and responsibilities during the year. In 2020, there was a Special Duties fee paid to Philip Chronican while interim Group CEO (an executive director role).

Name		Short-term benefits		Post-employment benefits	Total
		Cash salary and fees ⁽¹⁾	Special duties	Superannuation ⁽²⁾	
		\$	\$	\$	\$
Non-executive directors					
Philip Chronican (Chair)	2021	767,837	-	22,163	790,000
	2020	595,226	224,764	21,176	841,166
David Armstrong	2021	302,837	-	22,163	325,000
	2020	304,325	-	21,175	325,500
Kathryn Fagg	2021	270,337	-	22,163	292,500
	2020	176,907	-	16,381	193,288
Peeyush Gupta ⁽³⁾	2021	467,801	-	22,163	489,964
	2020	506,426	-	21,176	527,602
Anne Loveridge	2021	308,333	-	-	308,333
	2020	261,349	-	10,651	272,000
Douglas McKay ⁽⁴⁾	2021	541,693	-	22,163	563,856
	2020	492,782	-	20,882	513,664
Simon McKeon	2021	277,837	-	22,163	300,000
	2020	149,553	-	14,114	163,667
Ann Sherry	2021	275,337	-	22,163	297,500
	2020	253,325	-	21,176	274,501
Former non-executive directors					
Geraldine McBride (for part year)	2021	56,085	-	5,328	61,413
	2020	238,740	-	20,760	259,500
Ken Henry (for part year)	2020	91,932	-	5,251	97,183
Anthony Yuen (for part year)	2020	62,280	-	873	63,153
Total	2021	3,268,097	-	160,469	3,428,566
Total	2020	3,132,845	224,764	173,615	3,531,224

(1) The portion of fees in connection with their roles, duties and responsibilities as a non-executive director, and includes attendance at meetings of the Board, and of Board committees and boards of controlled entities, received as cash.

(2) Reflects compulsory company contributions to superannuation.

(3) Peeyush Gupta received fees of \$202,463 in his capacity as a non-executive director on the board of a number of Group subsidiaries, including as a non-executive director of a number of Wealth Boards and BNZ Life. Peeyush resigned from the Wealth Boards on 31 May 2021, upon completion of the sale of MLC Wealth to IOOF. The director fees relating to BNZ Life were paid in NZD.

(4) Douglas McKay received fees of \$281,355 in his capacity as Chair of Bank of New Zealand, which were paid in NZD.

REMUNERATION REPORT (CONTINUED)

6.3 Minimum shareholding policy

To align with shareholders interests, non-executive directors are required to hold, within five years of their appointment, NAB ordinary shares to the value of the annual base fee for non-executive directors. To meet the minimum requirement, non-executive directors must:

- hold at least 2,000 NAB ordinary shares within six months of their appointment
- acquire NAB ordinary shares to the value of at least 20% of the annual base fee each year until the minimum holding requirement is met.

The value of a non-executive director's shareholding is based on the share price at the time shares were acquired. All current non-executive directors' shareholding requirements have been met.

From 1 October 2021, the minimum requirement for the Chair's shareholding has increased to equal the value of the Chair's annual fee. The current Chair already meets this requirement.

6.4 Non-executive directors' share ownership and other interests

The number of NAB shares held (directly and nominally) by each non-executive director of NAB and the Group or their related parties (their close family members or any entity they, or their close family members, control, jointly control or significantly influence) are set out below. No rights or performance options are granted to non-executive directors or their related parties.

Name	Balance at beginning of year ⁽¹⁾ No.	Acquired No.	Other changes during year No.	Balance at end of year ⁽²⁾ No.
Non-executive directors				
Philip Chronican (Chair)	42,120	-	-	42,120
David Armstrong	19,110	685	-	19,795
Kathryn Fagg	8,700	726	-	9,426
Peeyush Gupta	9,571	-	-	9,571
Anne Loveridge	12,120	-	-	12,120
Douglas McKay	11,972	-	-	11,972
Simon McKeon	12,120	2,880	-	15,000
Ann Sherry	12,698	-	-	12,698
Former non-executive directors				
Geraldine McBride	7,703	-	-	7,703

(1) Balance may include shares held prior to individuals becoming a non-executive director.

(2) For non-executive directors who ceased their directorship during 2021, the balance is as at the date they ceased being a director.

REMUNERATION REPORT (CONTINUED)

Section 7 - Loans, other transactions and other interests

7.1 Loans

Loans made to non-executive directors of NAB are made in the ordinary course of business on terms equivalent to those that prevail in arm's length transactions. Loans to the Group CEO and Group Executives may be made on similar terms and conditions generally available to other employees of the Group. Loans to KMP of NAB and the Group may be subject to restrictions under applicable laws and regulations including the *Corporations Act 2001* (Cth). The opening balance is 1 October and closing balance is 30 September, or the date of commencement or cessation of a KMP.

Total aggregated loans provided to KMP and their related parties

	Terms and conditions	Balance at beginning of year	Interest charged ⁽¹⁾	Interest not charged ⁽¹⁾	Write-off ⁽¹⁾	Balance at end of year
		\$	\$	\$	\$	\$
NAB and the Group						
KMP⁽²⁾	Normal	3,375,290	255,694	-	-	13,702,702
	Employee	4,333,332	270,795	-	-	17,274,318
Other related parties⁽³⁾	Normal	14,054,470	283,694	-	-	14,199,104

(1) Relates to the period during which the Group Executive was KMP.

(2) The aggregated loan balance at the end of the year includes loans issued to 16 KMP.

(3) Includes the KMP's related parties, which includes their close family members or any entity they or their close family members control, jointly control or significantly influence.

Aggregated loans to KMP and their related parties above \$100,000

	Balance at beginning of year	Interest charged ⁽¹⁾	Interest not charged	Write-off	Balance at end of year	KMP highest indebtedness during year ⁽²⁾
	\$	\$	\$	\$	\$	\$
NAB and the Group						
Non-executive directors						
David Armstrong	1,078,592	28,821	-	-	1,040,373	-
Kathryn Fagg	1,388,818	34,365	-	-	2,930,750	2,957,420
Douglas McKay	1,638,112	44,920	-	-	1,282,862	4,165
Group CEO						
Ross McEwan	1,830,899	25,334	-	-	1,736,289	1,230,013
Group Executives						
Sharon Cook	1,102,482	18,207	-	-	1,035,595	1,080,388
Susan Ferrier	3,095,097	21,472	-	-	820,175	492,175
David Gall	4,699,033	55,654	-	-	4,392,579	859,062
Nathan Goonan	-	156,144	-	-	6,493,470	8,770,398
Andrew Irvine	715	158,057	-	-	11,831,913	12,026,495
Gary Lennon	3,122,483	95,849	-	-	2,956,470	3,184,679
Les Matheson	-	46,823	-	-	4,413,206	727,916
Angela Mentis	442,183	18,678	-	-	525,935	25,428
Rachel Slade	989	47,682	-	-	2,391,907	2,512,866
Patrick Wright	3,320,357	57,640	-	-	3,235,693	52,784

(1) The interest charged may include the impact of interest offset facilities and only relates to the period during which the non-executive director, Group CEO or Group Executive was KMP.

(2) Represents aggregate highest indebtedness of the KMP during 2021. All other items in this table relate to the KMP and their related parties.

7.2 Other transactions

From time to time various KMP and their related parties will hold investments in funds that are either managed, related to or controlled by the Group. All such transactions with KMP and their related parties are made on terms equivalent to those that prevail in arm's length transactions.

All other transactions that have occurred with KMP are made on terms equivalent to those that prevail in arm's length transactions. These transactions generally involve the provision of financial and investment services including services to eligible international assignees ensuring they are neither financially advantaged nor disadvantaged by their relocation. All such

REMUNERATION REPORT (CONTINUED)

transactions that have occurred with KMP and their related parties have been trivial or domestic in nature. In this context, transactions are trivial in nature when they are considered of little or no interest to the users of the Remuneration report in making and evaluating decisions about the allocation of scarce resources. Transactions are domestic in nature when they relate to personal household activities.

7.3 Other equity instrument holdings

Holdings and transactions involving equity instruments (held directly or indirectly), other than NAB shares and equity-based compensation, with each KMP or their related parties and NAB and the Group are set out below:

Name	Equity instrument	Balance at beginning of year No.	Changes during year No.	Balance at end of year No.
Non-executive directors				
Philip Chronican	National Income Securities ⁽¹⁾	982	(982)	-
Group Executives				
Susan Ferrier	NAB Convertible Preference Shares II	104	(104)	-
David Gall	NAB Convertible Preference Shares II	700	(700)	-

(1) On 15 February 2021, the Group redeemed the \$2,000 million of National Income Securities issued on 29 June 1999. The National Income Securities were redeemed for cash at their par value (\$100) plus the final interest payment. The unpaid preference shares forming part of the National Income Securities were bought back for no consideration and cancelled.

7.4 Other relevant interests

Each KMP or their related parties from time to time invest in various debentures, registered schemes and securities offered by NAB and certain subsidiaries of NAB. The level of interests held directly and indirectly as at 30 September 2021 were:

Name	Nature of product	Relevant Interest (Units)
Non-executive directors		
Ann Sherry	NAB Capital Notes 3	1,500
Group Executives		
Sharon Cook	NAB Subordinated Notes 2	820
	NAB Capital Notes 3	2,000
David Gall	NAB Capital Notes 5	700

There are no contracts, other than those disclosed in the level of interests held table immediately above, to which directors are a party, or under which the directors are entitled to a benefit and that confer the right to call for, or deliver shares in, debentures of, or interests in, a registered scheme made available by NAB or a related body corporate. All of the directors have disclosed interests in organisations not related to the Group and are to be regarded as interested in any contract or proposed contract that may be made between NAB and any such organisations.